

# PATHOLOGY PACKAGING

Advisory Panel on Hospital Outpatient Payment

Presented by The Provider Roundtable

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# The Provider Roundtable (PRT)

PRT members represent 14 hospitals and/or health systems representing patients from 35 states across the country.

As provider employees, we have no financial relationship to report related to this proposal.

# Affected CPTs and APCs

CPTs: 88300 – 88361

APCs: 5671, 5673, 5674, 5732

# Description of Pathology Packaging Issue

- Pathology services play a critical role in health care as these services are primarily used to detect cancer.
- Hospital laboratories often receive multiple biopsy specimens for a single date of service. Each specimen must be analyzed independently for accurate diagnosis of the potential type and specific location of cancer.
- Biopsy specimens are often collected outside the hospital setting and sent to the hospital laboratory for analysis as **referred specimens**.

# Description of Pathology Packaging Issue (cont.)

- In 2015, CMS implemented conditional packaging of most pathology services into any surgery, significant procedure and/or visit provided on the same date.
- For 2017, CMS proposes to continue conditional packaging of pathology services for any date of service billed on the same claim.
- When conditionally packaged services are provided on a date [and for 2017, on a claim] without a separately payable service, payment is limited to the **single highest paying code** regardless of the number of services provided or specimens tested.

# Number of Claims with Q1/Q2 HCPCS Codes and No Other Separately Payable Service

<b>Q1/Q2 Claims</b> (with no other separately payable services)	<b>Number of Claims</b>	<b>Percentage of Claims</b>
Occurrence of <u>"1"</u> Q1 and/or Q2 HCPCS code	6,280,201	78.81%
Occurrence of <u>"2"</u> Q1 and/or Q2 HCPCS codes	1,035,226	12.99%
Occurrence of <u>"3"</u> Q1 and/or Q2 HCPCS codes	324,164	4.07%
Occurrence of <u>"4 or more"</u> Q1 and/or Q2 HCPCS codes	328,970	4.13%
Total	7,968,561	100%

# Units and Ranking of "Pathology" Q1/Q2 HCPCS Codes on Claims With No Other Separately Payable Service

Q1/Q2 Claims (with no other separately payable services)	CPT	Units	Rank
Occurrence of <u>"2"</u> Q1 and/or Q2 HCPCS codes	<b>88305</b>	<b>208,480</b>	<b>1st</b>
	88312	14,451	30th
	88313	6,580	54th
	88342	24,522	22nd
Occurrence of <u>"3"</u> Q1 and/or Q2 HCPCS codes	<b>88305</b>	<b>113,095</b>	<b>4th</b>
	88312	9,555	15th
	88313	5,928	27th
	88342	15,002	12th
Occurrence of <u>"4 or more"</u> Q1 and/or Q2 HCPCS codes	<b>88305</b>	<b>275,542</b>	<b>2nd</b>
	88312	26,493	19th
	88313	49,747	13th
	88342	49,360	14th



# Clinical Examples

- We have provided two clinical examples within this presentation to illustrate our concerns.
- Two additional clinical examples are provided in the Appendix to this presentation for the benefit of CMS and the members of the Hospital Outpatient Panel.

# Example 1: Colon Biopsies

A 71 year old male with lower abdominal pain and a family history of colon cancer has an endoscopy procedure in a local ambulatory surgical center. Biopsies are collected from five distinct anatomical locations and sent to the hospital for analysis.

# Example 1: Colon Biopsies (cont.)

Description	CPT	Status Indicator	APC	Individual Payment Rate	Actual Payment
Duodenal Biopsy	88305	Q1	5671	\$39.39	\$39.39
Antral Biopsy	88305	Q1	5671	\$39.39	\$0.00
Fundus Biopsy	88305	Q1	5671	\$39.39	\$0.00
Distal Esophagus Biopsy	88305	Q1	5671	\$39.39	\$0.00
Ileum Biopsy	88305	Q1	5671	\$39.39	\$0.00
Alcian Blue Special Stain	88313	Q1	5732	\$25.20	\$0.00
<b>Total</b>				<b>\$222.15</b>	<b>\$39.39</b>

## Example 2: Skin Biopsies

A 68 year old male presents to an independent physician office for the assessment of skin lesions that have increased in size. The physician collects shave biopsies from four suspicious lesions and sends to a local hospital laboratory for analysis. Malignancy is suspected in two of the lesions and immunostains are performed.

# Example 2: Skin Biopsies (cont.)

Description	CPT	Status Indicator	APC	Individual Payment Rates	Actual Payment
Mid upper back shave biopsy	88305	Q1	5671	\$39.39	\$0.00
Mid lower back shave biopsy	88305	Q1	5671	\$39.39	\$0.00
Left lower back shave biopsy	88305	Q1	5671	\$39.39	\$0.00
Immunostain HMB-45	88342	Q2	5673	\$173.20	\$173.20
Immunostain Melan A	88341	N		\$0.00	\$0.00
Immunostain Cytokeratin	88341	N		\$0.00	\$0.00
Right upper shoulder shave biopsy	88305	Q1	5671	\$39.39	\$0.00
Immunostain HMB-45	88342	Q2	5673	\$173.20	\$0.00
Immunostain Melan A	88341	N		\$0.00	\$0.00
Immunostain Cytokeratin	88341	N		\$0.00	\$0.00
<b>Total</b>				<b>\$503.96</b>	<b>\$173.20</b>

# Potential Consequences of Pathology Packaging

- Inadequate reimbursement when multiple conditionally packaged pathology services are billed on the same claim.
- Rate setting anomalies resulting from the conditional packaging logic applied to frequent and common sets of multiple pathology services.

# Recommendation

- The PRT recommends the HOP Panel request CMS create composite APCs for pathology services when billed on a claim without another separately payable service.
- Composite APCs provide a single payment for groups of services that are typically performed together during a single clinical encounter and that result in the provision of a complete service.

# Recommendation (cont.)

Newly Proposed Composite APCs for Pathology Services	Newly Proposed Composite APC Description
80XX	2 – 4 pathology specimens (88302 – 88309) with or without special stains (88312, 88313, 88314)
80XX	5 or more pathology specimens (88302-88309) with or without special stains (88312, 88313, 88314)
80XX	2 – 4 pathology specimens (88302 – 88309) with immunostains (88341, 88342, 88344, 88346, 88350, 88360, 88361)
80XX	5 or more pathology specimens (88302 – 88309) with immunostains (88341, 88342, 88344, 88346, 88350, 88360, 88361)



# Expected Outcomes

- More appropriate reimbursement for pathology services, especially when multiple pathology services are provided on a single claim.
- More accurate future rate setting for pathology services that are vital for cancer detection.

# Summary and Final Recommendation

- The conditional packaging of pathology services results in inadequate reimbursement and should be addressed to avoid current and future rate-setting anomalies.
- The PRT requests the HOP Panel to ask CMS to develop composite APCs for pathology services, when multiple pathology services are provided on a claim with no other payable APC service.
- The PRT believes the creation of composite APCs will result in more appropriate reimbursement and rate setting of pathology services while still preserving the concepts of a prospective payment system.

# APPENDIX

## Additional Clinical Examples

# Example 3: Cervical Biopsies

A 66 year old female visits a gynecologist complaining of post-menopausal vaginal bleeding. The physician examines the patient and collects cervical specimens and sends them to the hospital laboratory for analysis.

# Example 3: Cervical Biopsies (cont.)

Description	CPT	Status Indicator	APC	Individual Payment Rates	Actual Payment
Cervical biopsy: 12:00 position	88305	Q1	5671	\$39.39	\$0.00
Cervical biopsy: 03:00 position	88305	Q1	5671	\$39.39	\$0.00
Cervical biopsy: 06:00 position	88305	Q1	5671	\$39.39	\$0.00
Cervical biopsy: 09:00 position	88305	Q1	5671	\$39.39	\$0.00
p16 Immunostain	88342	Q2	5673	\$173.20	\$173.20
<b>Total</b>				<b>\$330.76</b>	<b>\$173.20</b>

# Example 4: Breast Biopsies

A gynecologist refers a 67 year old female with a breast mass to a free standing imaging facility for a mammography and stereotactic biopsy. Calcified and non-calcified specimens are obtained and sent to the local hospital laboratory for analysis. The pathology workup demonstrates malignancy and immunostains are performed to determine diagnosis and inform treatment.

## Example 4: Breast Biopsies (cont.)

Description	CPT	Status Indicator	APC	Individual Payment Rate	Actual Payment
Left Breast Calcifications at 1:00	88305	Q1	5671	\$39.39	\$0.00
Left Breast No Calcifications at 1:00	88305	Q1	5671	\$39.39	\$0.00
ER Immunohistochemistry	88342	Q2	5673	\$173.20	\$0.00
PR Immunohistochemistry	88341	N		\$0.00	\$0.00
HER-2/NEU Immunohistochemistry	88341	N		\$0.00	\$0.00
Ki-67 Morphometric Analysis	88360	Q2	5673	\$173.20	\$173.20
<b>Total</b>				<b>\$425.18</b>	<b>\$173.20</b>

# Units of "Pathology" Q1/Q2 HCPCS Codes on Claims With No Other Separately Payable Service

Q1/Q2 Claims (with no other separately payable services)	CPT	Units
Occurrence of <u>"2"</u> Q1 and/or Q2 Pathology HCPCS codes	88300	5,451
	88302	1,139
	88304	11,400
	88305	208,480
	88307	3,125
	88309	203
	88312	14,451
	88313	6,580
	88342	24,522
	88344	981
	88360	995
	88361	172
<b>Total Units</b>		<b>277,499</b>



# Units of "Pathology" Q1/Q2 HCPCS Codes on Claims With No Other Separately Payable Service [cont.]

Q1/Q2 Claims (with no other separately payable services)	CPT	Units
Occurrence of <u>"3"</u> Q1 and/or Q2 Pathology HCPCS codes	88300	2,161
	88302	325
	88304	3,450
	88305	113,095
	88307	1,965
	88309	127
	88312	9,555
	88313	5,928
	88342	15,002
	88344	1,019
	88360	2,415
	88361	385
<b>Total Units</b>		<b>155,427</b>

# Units of "Pathology" Q1/Q2 HCPCS Codes on Claims With No Other Separately Payable Service [cont.]

Q1/Q2 Claims (with no other separately payable services)	CPT	Units
Occurrence of <u>"4 or more"</u> Q1 and/or Q2 Pathology HCPCS codes	88300	1,551
	88302	345
	88304	4,236
	88305	275,542
	88307	7,923
	88309	702
	88312	26,493
	88313	49,747
	88342	49,360
	88344	5,787
	88360	19,983
	88361	6,822
<b>Total Units</b>		<b>448,491</b>